(a) whether Government's attention has been drawn to a news item in the Financial Express dated 3rd December, 1993 captioned "4,000 bank branches may be closed down" by March, 1995 and 500 loss-making branches of nationalised bank would cease to exist-before the next budget of the Central Government;

(b) if so, whether it is a fact that Government, is trying to force a retrenchment of nearly one lakh officers and employees particularly these bank employees who are serving in the urban and metropolitan areas of the country because of a direct fall out of the recent understanding reached between some of the 14 nationalised loss making banks and RBI; and

(c) whether some bank managements have opined that the latest moves of Government and RBI are "ill-fonded and illogical" if so, what is the reaction of Government thereto and what 'remedial steps are proposed are to be taken to ease the situation ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) Yes, Sir. The number of branches which may be closed is, however, 100 only.

(b) There is no move to retrench the employees of the branches which are proposed to be closed. The staff at such branches will be productively redeployed in other branches of the bank for essential activities such as internal audit, recovery, housekeeping etc.

(c) No, Sir.

RECOVERY OF LOANS BY SBI, JANAKPURI

2589. SHRI M. A. BABY :

SHRI E. BALANANDAN : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the reliefs granted by the Government of India in respect of recovery of loan granted to November, 1984 riot victims have not been implemented by the State Bank of India;

(b) whether the said Bank failed to advise the borrowers about the extent of relief provided as per the Reserve Bank of India circular dated on 1st September, 1993 ; and

(c) whether the SBI are taking steps to settle the cases of riot victims by withdrawing the court cases filed against them ?

THE MINISTER OF STATE IN THE MINISTER OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) State Bank of India (SBI) has reported that it has been implementing the Debt Relief Scheme for November, 1984 Riot Affected Borrowers and the Central Interest Subsidy Scheme (Revised) for November, 1984 Riot Affected Borrowers.

(b) SBI has reported that the work relating to calculation of the amount of interest relief available to the eligible borrowers as per the Reserve Bank of India circular of 1st Sept. 1993 is in progress at its branches and the borrowers will be advised by the branches in this regard.

(c) In case of borrowers eligible for relief under debt Relief Scheme for November, 1984 Riot Affected Borrowers, whenever required, steps have been taken by SBI for withdrawing the court cases, if any, filed against such borrowers.

2590. [TRANSFERRED TO 22ND DECEMBER, 1993]

INCREASE IN THE NON-PLAN EXPENDITURE OF STATES

2591. SHRI S. MADHAVAN : Will the Minister of FINANCE be pleased to state :

(a) whether Government have examined wasteful expenditures, leakages of revenue

such as payment of teachers salaries for non-existent schools and the increase in non-plan expenditure of State Governments; and

(b) what are the steps taken to reduce such revenue losses ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY) : (a) and (b) Reduction of wasteful expenditures in States is primarily the subject matter of State Governments and it is for the State Governments to examine their wasteful expenditure and take steps to reduce revenue losses on this account. However, both the Ministry of Finance and the Planning Commission advise the State Governments from time to time on the occasions of plan discussions to control wasteful expenditure, bring about overall economy in States' expenditure and also control their non-plan as well as non-developmental expenditure.

MALHOTRA COMMITTEE ON INSURANCE SECTOR

2592. PROF. SAURIN BHATTACHARYA : Will the Minister of FINANCE be pleased to state :

(a) whether in pursuance of the conditionalities of loans from International Monetary Fund and World Bank R. N. Malhotra Committee on reforms in Insurance Sector was formed;

(b) what were its terms of reference;

(c) wheher in the name of competitiveness the Committee recommends the entry of not only Indian Private companies but also foreign companies in this crucial sector;

(d) whether in the name of efficiency the Committee has recommended denationalisation of the Insurance sector including both LIC and GIC, which forms one of the most important sources of Institutional finance; and

(e) what would be the reactions of the Government for these recommendations ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMAD) : (a) The Committee on Reforms in the Insurance Sector was set up by the Government of India consequent upon the announcement made by the Finance Minister in his Budget Speech for 1993-94 to this effect.

(b) The terms of reference of the Committee are given in the Statement (*See* below).

(c) to (e) The Committee is seized of these issues. The recommendations of the Committee which are expected shortly will be considered by the Government thereafter.

STATEMENT

Terms of reference of the R. N. Malhotra Committee for restructuring the Insurance Sector in India :

(i) To examine the structure of the insurance industry as it has evolved within the existing framework and to assess its strengths and weaknesses in terms of the objective of creating an efficicent and viable insurance industry providing a wide reach of insurance services and a variety of insurance products with a high quality of service to the public and serving as an effective instrument for mobilisation of financial resources for development.

(ii) To make recommendations for changes in the structure of the insurance industry, as well as the general framework of policy, as may be appropriate for the pursuit of the above objectives keeping in mind the structural changes currently underway in other parts of the financial system and in the economy.

(iii) To make specific suggestions regarding LIC and GIC, which would help to improve the functioning of these organisations in the changing economic environment.